



BARBADOS

INCOME TAX (AMENDMENT) ACT, 2025-30

*Arrangement of Sections*

1. Short title
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**BARBADOS**

I assent  
J. D. BOSTIC  
President of Barbados  
11th December, 2025.

**2025-30**

An Act to amend the *Income Tax Act*, Cap. 73.

[Commencement: 1st January, 2025]

ENACTED by the Parliament of Barbados as follows:

**Short title**

- 1.** This Act may be cited as the *Income Tax (Amendment) Act, 2025*.

**Insertion of new Division into Cap. 73**

**2.** *The Income Tax Act, Cap. 73 is amended by inserting after Division V, the following:*

*“DIVISION VA*

*Economic Substance Compliance and Reporting*

**Application of Division VA**

**52A.(1)** This Division applies in respect of income year 2025 and every subsequent income year.

- (2) Sections 52B, 52C and 52D apply to a company that
- (a) derives income from carrying on a relevant activity in an income year; and
  - (b) is liable to tax at a rate of less than 9 per cent under section 43A(3A) or 43(9)(b).
- (3) Section 52E applies to a company that is liable to tax at a rate of less than 9 per cent under section 43B.

**Economic substance requirements**

**52B.(1)** A company described in section 52A(2) shall have economic substance.

- (2) Subject to subsection (6), the company shall, for the purposes of subsection (1),
- (a) conduct its core income-generating activities in Barbados; and
  - (b) comply with the requirements set out in subsection (3),

in relation to a relevant activity carried on in Barbados in an income year.

(3) The requirements referred to in subsection (2)(b) are that the company

- (a) is directed and managed in Barbados, and its decision-making processes are carried out in Barbados; and
- (b) has, having regard to the nature and level of income derived from the relevant activity,
  - (i) an adequate amount of operating expenditure incurred in Barbados, which is proportionate to the level of activity carried on in Barbados;
  - (ii) an adequate physical presence in Barbados, including maintaining a place of business, an office, premises or plant, property and equipment for the purpose of carrying on the activity; and
  - (iii) an adequate number of employees or other personnel, with appropriate qualifications, who are physically present in Barbados.

(4) A company may outsource to another person in Barbados its core income-generating activities in relation to a relevant activity carried on in Barbados, if the company is able to monitor and control the conduct of the core income-generating activity by the other person.

(5) A company is directed and managed in Barbados if

- (a) the board of directors of the company meets in Barbados at an adequate frequency, given the level of decision-making required;
- (b) during each meeting of the board of directors, there is a quorum of directors physically present at the meeting in Barbados;

- (c) strategic decisions of the company are made at meetings of the board of directors, and minutes of the meetings reflect the decisions;
  - (d) the board of directors, as a whole, have the necessary knowledge and expertise to discharge its duties as a board; and
  - (e) the minutes of all board meetings and the records of the company are kept in Barbados.
- (6) A company is not required to comply with subsections (1), (2) and (3) in an income year if it has no gross income in relation to the relevant activity carried on in the income year.

**Economic substance reporting**

**52C.(1)** A company shall, in respect of income year 2025 and for every subsequent income year, include in its return filed pursuant to section 52 such information as the Commissioner may require for the Commissioner to determine whether the company complies with section 52B.

(2) The information referred to in subsection (1) shall be provided in the manner and form prescribed by the Commissioner.

**Economic substance compliance audit etc.**

**52D.(1)** The Commissioner may conduct an audit of a company to determine whether the company complies with section 52B.

- (2) An audit may include
- (a) a review of the financial records of the company, including accounting documents, invoices and contracts, in order to assess the adequacy of operating expenditure incurred in Barbados;

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- (b) a verification of the physical presence of the company in Barbados, including the location and nature of its premises, plant, property, and equipment;
  - (c) an examination of the employment records and contracts of the company in order to assess the number, qualifications and roles of employees or other personnel present in Barbados;
  - (d) a review of the governance and decision-making processes of the company to ensure that it is directed and managed in Barbados; and
  - (e) any other investigation relevant to determining whether the company has complied with section 52B.
- (3) Subsections (1) and (2) are without prejudice to any duties or powers imposed or conferred under section 76 in relation to the administration and enforcement of this Act, including the power to request additional information.
- (4) Where, after an audit under this section or an assessment under section 53, the Commissioner determines that a company has not complied with section 52B in respect of an income year
- (a) section 43(9)(b) or 43A(3A), as the case may be, shall not apply to the company; and
  - (b) the Commissioner shall make an assessment or re-assessment, as the case may be, of the amount of tax payable for the income year by the company at the rate specified in section 43(8).
- (5) Where the Commissioner assesses or re-assesses the amount of tax payable for an income year by a company as a result of its failure to comply with section 52B, the Commissioner shall deliver a notice of

assessment or notice of re-assessment to the company, as the case may be, setting out

- (a) the basis on which the assessment or re-assessment was made;
  - (b) the amount of tax payable as a result of the assessment or re-assessment; and
  - (c) the period within which the tax must be paid.
- (6) The provisions of this Act relating to objections under section 57 and appeals under sections 58 to 63 apply, with the necessary modifications and adaptations, in relation to an assessment or reassessment made under this section.

#### **Companies taxed under section 43B**

**52E.** For the avoidance of doubt, a company that is liable to tax under section 43B shall be regarded as having economic substance.

#### **Interpretation of Division VA**

**52F.** In this Division,

“core income-generating activities” means activities required for a company to generate income in relation to a relevant activity, and includes in respect of

- (a) insurance business,
  - (i) predicting or calculating risk or oversight of the prediction or calculation of risk;
  - (ii) insuring or re-insuring against risk; and
  - (iii) providing insurance business services to clients;

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- (b) international shipping business
- (i) managing crew, including hiring, paying and overseeing crew members;
  - (ii) overhauling and maintaining ships;
  - (iii) overseeing and tracking deliveries;
  - (iv) determining what goods to order and when to deliver them; and
  - (v) organising and overseeing voyages;

“economic substance”, in relation to a company, means a real and substantial economic presence in Barbados;

“relevant activity” means insurance business or international shipping business.”.

### **Commencement**

**3.** *This Act is deemed to have come into operation on the 1<sup>st</sup> day of January, 2025.*